

# 2020 Maryland Qualified Allocation Plan (QAP) & Multifamily Rental Financing Program Guide (Guide)

**Pre-Round Information Session for the**

**2020 Competitive Funding Round**

**Deadline: Wednesday, September 9, 2020**

# Purpose of Today's Meeting

- Provide information about:
  - Resources available for the Round
  - Application and Administrative Processes
  - Review Threshold and Scoring Items
- Provide opportunity for questions and answers

# Resources Available

**ROUND DEADLINE: September 9, 2020**

**9% LIHTCs:  
(approximately) \$15 M**

**Rental Housing Financing Programs (RHFPs):  
(approximately) \$15 M**

# Pre-application Meetings

- Pre-Application meetings are *optional*
- Provide an opportunity to receive feedback on proposed project specifics
- E-mail Keith Ashford at [Keith.Ashford@Maryland.Gov](mailto:Keith.Ashford@Maryland.Gov) or call him at 301-429-7781 to schedule a meeting
- Meetings will generally be scheduled for 45 minutes

# Application Submission

- **Applications are due by 2 pm on Wednesday, September 9, 2020**
- **MUST** use New Application Submission Kit dated June 2020  
<http://dhcd.maryland.gov/HousingDevelopment/Pages/MFLibrary.aspx#appdocs>
- Submit one (1) hard copy and one (1) electronic copy of the complete application, including attachments and exhibits
- Submit Application into Multifamily Information System. Email [Brenice.Sterling@Maryland.Gov](mailto:Brenice.Sterling@Maryland.Gov) for log in credentials
- Application fee of \$2,500 for each project must be submitted (under separate cover) at the same time as or before application submission to **Post Office Box 2521, Landover Hills, MD 20784**

**Incomplete applications will not be considered.**

# Application Submission

- \*NEW\* Submit a full electronic application through Google Drive
- Email [dhcd.qap@maryland.gov](mailto:dhcd.qap@maryland.gov) to request a Google Drive folder for each project
- The Google Drive folders are organized into subfolders to match the Application Submission Package
- All documents must be uploaded prior to the application deadline
- 202s must be uploaded as excel files
- Access to the project folders will be revoked on Wednesday, September 9, 2020 at 2 PM





Folders

Name ↑



Part I - Application an...



Part II - Mandatory Ex...



Part III - Optional Sco...



Folders

Name ↑



Exhibit A - Project Inf...



Exhibit B - Site Inform...



Exhibit C - Developme...



Exhibit D - Financial S...



Exhibit E - Constructi...



Exhibit F - Certificatio...



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Name ↑



Exhibit G - NPs, PHAs...



Exhibit H - Communit...



Exhibit I - Transit Orie...



Exhibit J - Income Tar...



Exhibit K - Targeted P...



Exhibit L - Tenant Ser...



Exhibit M - Additional ...



Exhibit N - Direct Leve...

# Application & Administrative Information

- **Waivers:**
  - In accordance with Section 5 of the Guide, waiver requests must be submitted *in writing* to Gregory Hare, Director, Multifamily Housing (Gregory.Hare@Maryland.gov)
  - Submit no later than **30 days** in advance of Round deadline (i.e., by **Monday, August 10, 2020**)
  - Applies only to Rental Housing Financing Program and State-imposed criteria for LIHTC and MBP
  - Federal regulations affecting LIHTC, HOME and MBP may not be waived



# 2020 QAP And Guide – Overview

**The QAP and Guide are used to review:**

- Competitive Round Applications for 9% LIHTCs & RHFPs
- Bond Applications and 4% LIHTCs (non-competitive)

**Basic Review Process:**

- Threshold Review
- Scoring

# Application & CDA Form 202 Highlights

- UFAS Units (202)
  - UFAS unit breakdown section added. List number of units at each bedroom size and median income.
  - Example: 1 Bedroom UFAS Units 

3
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2 @ 30%, 1 @ 60%
- Development Team Information (202)
  - All entities receiving points in Section 4.1 of the Guide should be listed in this section, including all nonprofits and MBEs/WBEs
- Project Summary Information (202)
  - A short description must be included in the Project Description section
- Leveraging and Cost Effectiveness (202)
  - Twinning Update
- Operating Subsidies (202)
  - New formula

# General Overview: Threshold

# 2020 Threshold Highlights

- **§3.13.3 Additional Criteria Applicable Only to New Construction and Gut Rehabilitation**
  - Gut rehabilitation projects may request waivers for the following Energy Star Certification elements:
    - Slab insulation
    - Continuous exterior insulation
  - Projects that seek Department of Energy Zero Energy Ready Home or DHCD-approved comparable certification may request a waiver of the Energy Star HVAC requirements

# General Overview: Scoring

# Scoring: Based On 200 Points

Category	Points	
Capacity of Development Team	74	<ul style="list-style-type: none"> <li>• Team Experience</li> <li>• Negative points for processing time, compliance and asset management issues</li> <li>• Financial Capacity</li> <li>• Nonprofit/PHA/MBE scoring</li> </ul>
Community Context	16	<ul style="list-style-type: none"> <li>• Community Impact or Communities of Opportunity</li> <li>• Defined Planning Areas and Opportunity Zones (Rural, Sustainable Communities, and others)</li> </ul>
Transit Oriented Development (TOD)	8	<ul style="list-style-type: none"> <li>• MDOT designated</li> <li>• Radius of a public transportation boarding and alighting location</li> <li>• Availability of Transportation Services</li> <li>• Walk Score</li> </ul>
Public Purpose	46	<ul style="list-style-type: none"> <li>• Income Targeting</li> <li>• Targeted Populations</li> <li>• Family units with 2, 3+ bedrooms</li> <li>• Tenant Services</li> <li>• Policy Incentives</li> </ul>
Leveraging & Cost Effectiveness	25	<ul style="list-style-type: none"> <li>• Direct Leveraging</li> <li>• Operating Subsidies</li> <li>• Construction or Rehabilitation Cost Incentives</li> </ul>
Development Quality	31	<ul style="list-style-type: none"> <li>• Green Features</li> <li>• Energy Efficiency</li> <li>• Project Durability and Enhancements</li> </ul>



# Income Targeting – 15 max. pts. (Section 4.4.1)

- Units restricted at 20% of area median gross income calculations exclude project-based vouchers (PBV), project-based rental assistance (PBRA) contracts, or equivalent federal rental assistance programs to serve households at or below 30% of the area median gross income.



# Tenant Services – 8 max. pts. (Section 4.4.4)

If you chose the CORES designation for a project funded in the 2019 Round, you will need to submit either proof of CORES certification or a copy of the Pre-Screen Approval Email from CORES to demonstrate that you have initiated the application process and believe that you meet their threshold requirements.



# Policy Incentives – 5 max. pts. (Section 4.4.5)

- Three (3) points to the three (3) highest scoring “twinning” projects that include an overall total of 150 units and demonstrate a need for at least \$5 million of MBP financing.
- Two (2) points will be awarded to the top two (2) projects in communities of opportunity in the Baltimore Region and DC Metro Areas that are new construction, gut rehabilitation, or adaptive re-use family or intergenerational housing. At least 75% of the total units must be net new units to qualify for these points.

# Policy Incentives – 5 max. pts. (Section 4.4.5)

- Two (2) points will be awarded to the top two (2) projects located in Allegany, Calvert, Caroline, Cecil, Charles, Dorchester, Frederick, Garrett, Kent, Queen Anne's, Saint Mary's, Somerset, Talbot, Washington, Wicomico, and Worcester Counties.
- Five (5) points will be awarded to any “twinning” project with an overall total of at least 150 units located within the boundaries of, and contributing to, a “Choice Neighborhood”.

**Note: All policy incentive points will be awarded based on the final scores, excluding any points awarded in this section.**

# Direct Leveraging – 15 max. pts. (Section 4.5.1)

- LIHTC Raise – Up Rate: \$0.91
- Projects involving “twinning” should calculate direct leveraging score based on the combined project information for the 9% LIHTC project and 50% of the MBP/4% LIHTC project equity.
- The maximum additional leveraging benefit from including 50% of the MBP/4% LIHTC is capped at two (2) points.

## LEVERAGING AND COST EFFECTIVENESS

DIRECT LEVERAGING (Sec. 4.5.1 of the Guide)

1. Relevant Project Scoring Characteristics		9% Project	4% Project	Combined Project
Is project considered a rural transaction?	choose one:	no		
Is project a "Twinning" transaction?	choose one:	yes		

2. Tax Credit Subsidy	9% Project	4% Project	Combined Project
Adjusted Project Costs Eligible Basis before a Basis Boost ("Tax Credit" Tab, H75 + I75)	\$20,000,000	\$25,000,000	
Applicable Fraction	89%	100%	
Qualified Basis less any Basis Boost	\$17,894,737	\$25,000,000	
Credit Rate	9.00%	3.09%	
Annual LIHTC Allocation	\$1,500,000	\$772,500	
Credit Period	10	10	
Total LIHTC Basis Boost Adjusted Allocation	\$15,000,000	\$7,725,000	
Imputed Raise-Up	\$0.91	\$0.91	
Amount of Qualified Opportunity Zone Fund Investment (if any)	\$0	\$0	
50% of 4% LIHTC Equity (if any)	\$0	\$4,000,000	
Final Adjusted LIHTC Subsidy	\$13,650,000	\$3,029,750	\$16,679,750

3. Total DHCD Non-LIHTC Capital Subsidy	9% Project	4% Project	Combined Project
Total of CDA Resources: RHF, RHW, PRHP, HOME, & NHT	\$2,000,000	\$3,700,000	
Total of other DHCD Resources: CDBG, Community Legacy, Strategic Demolition, etc.)	\$0	\$0	
50% of Tax-exempt Bonds		\$6,500,000	
Total DHCD Non-LIHTC Subsidy Funds	\$2,000,000	\$10,200,000	\$12,200,000

4. Total DHCD Resources	9% Project	4% Project	Combined Project
Total of DHCD Resources	\$15,650,000	\$13,229,750	\$28,879,750

5. Adjusted Costs (Proportion of project costs attributable to affordable units.)	9% Project	4% Project	Combined Project
# Affordable BRs	85	80	165
Total BRs	95	80	175
% Affordable	89%	100%	94%
Total Project Costs	\$17,774,010	\$18,212,361	\$35,986,371
Adjusted Project Costs	\$15,903,062	\$18,212,361	\$33,930,007
Percentage of Project Costs Leveraged	1.59%	27.36%	14.88%

6. Leverage Evaluation (including 2 point limit for Twinning projects)	9% Project	Combined Project
Non-Rural	0.24	2.23
Rural	NA	NA

Score

2.23



# Operating Subsidies – 10 max. pts. (Section 4.5.2)

- Points will be calculated using the following equations:
- Entitlement Jurisdictions:

$$\frac{\text{Average subsidy per affordable unit per year}}{\$400} \times 10 \text{ points} = \text{Points Awarded}$$

- Non-Entitlement Jurisdictions:

$$\frac{\text{Average subsidy per affordable unit per year}}{\$200} \times 10 \text{ points} = \text{Points Awarded}$$

Final scores will be rounded to the nearest one-hundredth (1/100) of a point.

# Construction & Rehab Cost Incentives – Negative 8 max. pts. (Section 4.5.3)

For the Fall 2020 Round, the construction cost limits of Section 4.5.3 are as follows:

- Up to eight (8) points will be deducted from any large project, and up to six (6) points deducted from small projects (40 units), with construction costs per square foot in excess of:

Type of Building	New Construction	Rehabilitation
Cottage, Single Family, Semi-detached Dwellings, and Townhomes	\$191	\$ 196
Garden Apartments	\$ 160	\$ 122
Non-elevator Stacked Units and Elevator Buildings with 4 stories or less	\$ 174	\$ 143
Elevator Buildings of 5 or more stories	\$ 191	\$148

# Construction Budgets

Solar Systems, Security Systems, and Playgrounds are considered hard costs and must be included in the construction budget. Budgets that include these costs as soft costs will not be accepted.

## 4.6.2 Energy Efficiency – 8 max. pts. (Section 4.6.2)

New Construction, Gut Rehabilitation, and Adaptive Re-Use	
Path 1 (8 points max)	Path 2 (4 points max)
6 points for certifying Zero Energy Ready Home Designation	2 points for alternative energy
2 points for alternative energy	2 points for heat pump technology

Rehabilitation		
Path 1 (8 points max)	Path 2 (8 points max)	Path 3 (4 points max)
6 points for overall energy savings of 30% or greater	4 points for overall energy savings of 20% or greater	2 points for alternative energy
2 points for alternative energy	2 points for alternative energy	2 points for heat pump technology
2 points for heat pump technology	2 points for heat pump technology	

# “Twinning” Project Requirements

- At least 120 Units
- Demonstrate a need for at least \$5 million in MBP financing
- Submit:
  - A full application for the 9% LIHTC project
  - CDA Form 202, CDA Form 212, and schematics for MBP/4% LIHTC project
  - CDA Form 202 for combined 9% LIHTC and MBP 4% LIHTC projects
  - Letters of intent for the MBP/4% LIHTC project

# QUESTIONS?

[dhcd.qap@maryland.gov](mailto:dhcd.qap@maryland.gov)